

**The Latest Progress Report of
The APEC Technical Group of Measurement on TiVA under GVCs
to the 3rd Meeting of APEC Committee of Trade & Investment 2017
*Submitted by China and the United States***

At the 23rd Meeting of APEC Ministers Responsible for Trade in Ha Noi, Viet Nam on 20-21 May 2017, APEC trade ministers identified in the actions to welcome the activities made so far in implementing the Strategic Framework on Measurement of APEC Trade in Value Added (TiVA), moving towards the eventual completion of the APEC TiVA Database by 2018.

I. Tasks of the technical group in 2017

Followed the 2017-2018 Work Plan of the technical group, the tasks of the technical group in 2017 include:

- Complete the data reconciliation of bilateral trade in goods and services by APEC economies and rest of the world, to the extent of available data;
- Check and validate APEC economies' Supply/use tables (SUTs) or Input/output tables (IOTs) or extended SUTs or IOTs and other reported statistics;
- Adjust SUTs or IOTs as needed to bring them into alignment with balanced trade in goods and services statistics;
- Update submitted SUTs/IOTs as needed to fit within a unified APEC TiVA framework, if possible based on available annual micro and macro statistics.

After the 23rd Meeting of APEC MRT, the technical group, led by its newly established Core Technical Task Force (CTTF), has been working together with the participating member economies' technical working team (MTWT) to carry forward the following work. Major accomplishments to date in 2017 include:

II. Establishing the regular bilateral consultation mechanism and improving communication between China and the United States

As the two co-leading economies of this APEC TiVA Database project, China and the United States have established a regular bilateral consultation mechanism through conference call. Through these regular bilateral consultation sessions, China and the United States discussed and agreed upon the CTTF implementation plan and the labor divisions, the second-round of data submission, and the work plan for each participating economy.

III. Building the collaboration between the CTTF and MTWTs

One trade data working team and four SUT working teams under the CTTF were established, with each team being responsible for SUTs, NA account, and/or trade data collection and compilation for their designated APEC economies. The communication and collaboration channels between these working teams and MTWTs were established. During the Phase Two of the 3rd Capacity Building Workshop, CTTF teams and MTWTs worked together to review the second round of data submission, discussed the work plan for participating economies, and exchanged the methodologies to compile the data required for the APEC TiVA project.

IV. Strengthening the collaboration with OECD

Two CTTF members, one from China and one from the United States, self-funded, spent two months at the Organization of Economic Cooperation and Development

(OECD) for onsite training and collaboration on APEC TiVA related technical works.

During this period, they accomplished the following major tasks:

1. Learning about the methodologies OECD has developed in constructing its TiVA database, and its strategic vision for the future work;
2. Learning about the technical work OECD has done in balancing trade statistics to see whether they could be applied or utilized for the Measurement on APEC TiVA;
3. Advancing the work of Measurement on APEC TiVA, including reviewing the first round of data submission and producing the review report; developing the second round of data submission templates; discussing data sharing with OECD for the Measurement of APEC TiVA, etc.
4. Developing three flow charts that mapped out the work flow process based on the OECD's latest conceptual methodology framework for constructing TiVA databases, which the Measurement on APEC TiVA would use as a general reference;
5. Reaching the agreement with the OECD to use the OECD data for estimating the rest of world (RoW) in the APEC TiVA project;
6. Reaching the agreement with the OECD to use the OECD's ongoing work on trade in goods and services statistics in the APEC TiVA project.

V. Implementing the two rounds of data submission

Excepting Papua New Guinea and Singapore, 19 APEC participating economies, including Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Russia; Chinese Taipei; Thailand; the United States and Viet Nam have submitted data in the two rounds of data submission.

VI. Holding the 3rd Capacity Building Workshop

The 3rd APEC TiVA Capacity Building Workshop on the Strategic Framework on Measurement of APEC Trade in Value Added (TiVA) and Its Action Plan was held in August 7-18 of 2017 in Nanning, Guangxi, China. This workshop aims to help participating APEC economies to prepare and compile the data required for constructing the APEC TiVA database. China is the main organizer of this workshop.

The workshop consists of two phases. In phase one of the workshop, experts from international organizations and APEC economies gave presentations on methodologies in the following areas: converting the supply-use table from purchaser's price to basic price; estimating domestic trade and transport margins; estimating direct purchases abroad by residents, and domestic purchases by non-residents; estimating import use tables; reconciling bilateral trade in goods and services statistics; and constructing TiVA database. In phase two of the workshop, CTTF working streams and other experts worked closely with APEC participating economies to finalize the data required for the Measurement on APEC TiVA.

There were 84 participants from 17 economies (except Japan; New Zealand; Papua New Guinea; Singapore) and international organizations, such as ADB, OECD, WTO, UNSD. Women represented 36, or 42 percent of the 84 participants.

VII. Expected major deliverables by the end of 2017

1. In the fall of 2017, the CTTF will deliver two sets of SUTs (2005 and 2012) at basic and purchaser's prices for APEC economies, benchmarked by NA statistics where

data are available; and two sets of the balanced bilateral trade shares matrix and CIF-FOB margin matrix (2005 and 2012) by the APEC product classification and end use for APEC economies where data is available and rest of the world.

2. By end of 2017, the CTTF will reconcile the benchmark year SUTs with balanced trade statistics to ensure consistency. The CTTF will also evaluate the feasibility of constructing time series SUTs and extended SUTs based on available data and resources.